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Rewald ties case to CIA connection

By Walter Wright
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Ronald Rewald, flanked by his two new defense attorneys, yesterday launched a six-month search for the evidence that he says will prove him innocent of 100 federal charges of fraud, perjury and income tax evasion.

The defense will center on Rewald's claim that the Central Intelligence Agency set up his Honolulu company, used it for intelligence gathering, then let it collapse last year when Rewald attempted suicide.

Rewald, wearing an immaculate dark gray pinstripe suit, gave a glimpse of the figure he will cut before a jury when he goes to trial sometime next year.

Leaning on the defense table to ease what he called severe pain from a back ailment, Rewald spoke softly but with an air of confidence and sincerity as he declared his complete faith in his new lawyers. He said he is sure he will get good representation from federal public defender Michael Levine and California attorney Brent Carruth.

He said he is confident neither Levine nor Carruth have other interests which conflict with his defense. And, in a hearing before Magistrate Joseph Gedan, Rewald

waived any right to complain later of such a conflict.

But Assistant U. S. Attorney John Peyton said he will continue to oppose Levine's participation, and may also challenge Carruth's role.

Federal Judge Harold Fong is considering Peyton's motion to bar Levine and his office from the case on grounds that the father of one of Levine's senior staff attorneys, Ben Cassidy, lost money in the collapse of Rewald's company.

And Peyton said there is a potential conflict of interest on Carruth's part because Carruth is representing accused spy Richard Craig Smith in a case in which Rewald may become a defense witness.

Smith claims the CIA ordered him to sell names of intelligence agents to the Soviet Union, in a counter-intelligence operation which used Rewald's Honolulu firm, Bishop Baldwin Rewald Dillingham & Wong, as a contact.

Levine and Carruth were appointed by Gedan Monday to serve at taxpayers' expense. But Gedan ordered that Rewald contribute a fourth of his \$52,000-a-year salary as a business consultant in California and all of his future earnings —

from sale of rights to his life story and from any other source — toward the public costs of his defense.

Rewald is accused of obtaining money from investors under false pretenses. About 400 investors put \$22 million into his firm. Officials say he returned \$10 million as principal and interest, spent about \$5 million on operations, and spent more than \$5 million on himself, his family and friends.